



# CITY OF LODI

## COUNCIL COMMUNICATION

AGENDA TITLE: Northwest Resource Third Phase Agreement and the Energy Sale Agreement between NCPA and the Bonneville Power Administration

MEETING DATE: October 16, 1991

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council approve the NORTHWEST RESOURCE THIRD PHASE AGREEMENT and the ENERGY SALE AGREEMENT BETWEEN NCPA AND THE BONNEVILLE POWER ADMINISTRATION and authorize proper execution by the City Manager and City Clerk and delivery of documents.

BACKGROUND INFORMATION: The California-Oregon Transmission Project (COTP) will be in service early next year which will open a transmission corridor to the Pacific Northwest and its economically priced hydroelectric and coal-fired power and energy.

Therefore, it is necessary to have purchase power contracts in place prior to commercial operating date of the COTP to obtain immediate benefit.

NCPA has entered into a 20-year power sale agreement with Washington Water Power Company (WWP), a corporation of the State of Washington, to deliver firm capacity and associated energy, as scheduled by NCPA, to be imported into California over the California-Oregon Transmission Project. The power and energy will be distributed to the participants in the above-mentioned contract on the basis of percentage participation stated therein.

The purpose of the NORTHWEST RESOURCE THIRD PHASE AGREEMENT is to establish the participation percentage of power purchased from WWP which NCPA is obligated to make available to each participating NCPA member. WWP must transfer that power and energy for export from the Northwest through Bonneville. Three parties are required to move power out of the Northwest - a BUYER (NCPA), a SELLER (WWP) and BONNEVILLE.

The purpose of the ENERGY SALE AGREEMENT BETWEEN NCPA AND THE BONNEVILLE POWER ADMINISTRATION is to duly recognize Bonneville as the Pacific Northwest "Marketing and Transfer" agency for all transfers of power out of the Northwest. Transfers of power and energy from Canadian power agencies and northwest agencies all require formal agreement and acceptance by Bonneville. This agreement, authorized by Bonneville, allows NCPA to transfer power and energy once it (NCPA) has authorization from its members.

APPROVED

THOMAS A. PETERSON  
City Manager

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Northwest Resource Third Phase Agreement and the Energy Sale  
Agreement between NCPA and the Bonneville Power Administration  
October 16, 1991  
Page Two

Approval of the above-mentioned agreements pursuant to the attached Resolution will ensure proper execution of the necessary documents to assure timely participation in the benefits of the COTP upon commercial operation.

FUNDING: Not Applicable



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Henry J. Rice  
Electric Utility Director

cc: Manager, Rates & Resources

RESOLUTION NO. 91-191  
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A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING EXECUTION OF ENERGY SALES AGREEMENT

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BE IT HEREBY RESOLVED as follows:

The Energy Sales Agreement proposed among the United States of America, acting by and through its Bonneville Power Administration, the Northern California Power Agency, and the City of Lodi is hereby approved and the City Manager and City Clerk are hereby authorized and directed to execute the agreement on behalf of this party.

Dated: October 16, 1991

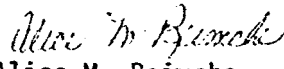
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I hereby certify that Resolution No. 91-191 was passed and adopted by the Lodi City Council in a regular meeting held October 16, 1991 by the following vote:

Ayes: Council Members - Pennino, Pinkerton, Sieglock, Snider,  
and Hinchman (Mayor)

Noes : Council Members - None

Absent: Council Meabers - None

  
Alice M. Reimche  
City Clerk

91-191

RES91191/TXTA.01V

RESOLUTION NO. 91-192  
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A RESOLUTION OF THE LODI CITY COUNCIL  
AUTHORIZING EXECUTION OF NORTHWEST RESOURCE  
THIRD PHASE AGREEMENT

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BE IT HEREBY RESOLVED as follows:

The Northwest Resource Third Phase Agreement is hereby approved and the City Manager and City Clerk are hereby authorized and directed on behalf of this Participant to execute such agreement.

Dated: October 16, 1991

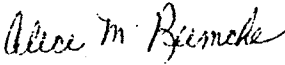
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I hereby certify that Resolution No. 91-192 was passed and adopted by the Lodi City Council in a regular meeting held October 16, 1991 by the following vote:

Ayes : Council Members - Pennino, Pinkerton, Sieglock, Snider,  
and Hinchman (Mayor)

Noes : Council Members - None

Absent: Council Members - None

  
Alice M. Reimche  
City Clerk

CITY COUNCIL

DAVID M HINGHAM, Mayor  
JAMES W. PINKERTON, Jr.  
Mayor Pro Tempore  
PHILLIP A. PENNING  
JACK A. SIEGLOCK  
JOHN R. (Randy) SNIDER

CITY OF LODI

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THOMAS A. PETERSON  
City Manager  
ALICE M. REIMCHE  
City Clerk  
BOB McNATT  
City Attorney

October 4, 1991

Dennis W. DeCuir  
McDONOUGH, HOLLAND & ALLEN  
A Professional Corporation  
Attorneys  
555 Capitol Mall, Suite 950  
Sacramento, CA 95814

Subject: Northwest Resource Third Phase Agreement; Washington  
Water Power Company 20-Year Power Sale Agreement;  
Bonneville Power Administration Mitigation Agreement

Dear Mr. DeCuir:

I am counsel to the City of Lodi (Participant). I have been requested to furnish to you my opinion regarding the authority of the Participant to execute and implement the Northwest Resource Third Phase Agreement, which supports the 20-Year Power Sale Agreement, September 1991, between the Washington Water Power Company (WWP) and the Northern California Power Agency (NCPA), and the Energy Sales Agreement (Mitigation Agreement), between the United States of America acting by and through the Bonneville Power Administration, and NCPA and the Participants.

I have reviewed California law, and the local laws, ordinances, and regulations of the Participant.

Based upon my review, it is my opinion that the Participant has duly and regularly authorized, and is fully empowered to, execute and deliver the Northwest Resource Third Phase Agreement and the Mitigation Agreement, which are enforceable against the Participant in accordance with their terms, subject to the laws of bankruptcy, moratoria, and creditors rights generally, and the proper exercise of judicial discretion. In my opinion, NCPA is authorized to enter into the 20-Year Power Sale Agreement with WWP on behalf of, and as agent of the Participant.

Very truly yours,

  
606 W. McNATT  
City Attorney

BM:vc

NCPA2/TXTA .01V